

Hello, and welcome to this training on the new USDA Senior Executive Service Performance Appraisal System. My name is John McCann. I'm the Director for Training and Development for CI International. Together with our partners Windwalker Corporation, we have worked with the USDA Office of Human Resources Management to put together this training on the new performance appraisal system. This session, without breaks, will run about an hour and twenty minutes. However, there will be some times along the way when I'll ask you to pause the recording to read some texts or look at some information. Including those pauses, count on the training running a little longer than an hour and a half. One advantage to this recorded session is that you can pause the workshop and come back to it later if desired. Before we get into our content, let me cover some of the logistics of this electronic program. On your screen now you see my first Power Point slide which says "USDA Senior Executive Performance Appraisal System". On the right side of your screen you should see three smaller boxes. One says "participants", the second "table of contents", and the third "video". If you're not seeing these boxes, look for icons in the upper right hand corner of the screen. One looks like a little video camera. One looks like three candles. That represents the participants. And the other looks like a list. That's the table of contents. Click on these and the three boxes will open up. You won't need the participant list since it just shows my name. Table of Contents shows the slides I'm presenting so it would be helpful if you leave a session and want to jump back in at the spot that you left. If you scroll down the list of slides and click on one of them the presentation will jump to that spot. The third icon is a video of me. You can leave this open or closed. If I was watching this I'd close it. At the lower left of the screen you'll see controls that enable you to pause the presentation or stop it. You'll also see the volume bar. At the very bottom you'll see a scroll bar that's similar to the table of contents box. It will allow you to jump ahead or back. If you want to take some time and play with these controls for a while, please feel free. I won't even notice.

The presentation today consists of a series of Power Point slides as well as some documents. Everything I show in the presentation is available to you in the workbook. You should have received that workbook electronically ahead of this presentation. If you didn't, please contact your local HR office for a copy. You can also contact the sponsors of this program for a copy. They're a good resource for other SES Policy programs as well. Here's their contact information. It's not necessary to print out the workbook prior to this training. Think of it as a post-workshop reference. It contains all the information I'll share today, along with additional texts and information. There are two places where I will be referring to specific pages in the workbook. When I show them on this screen, the font is pretty small. You might find it helpful to print out the following pages prior to the training. These are pages 12 and 13, as well as pages 36 to 43. These pages cover the particulars of the OPM SES Appraisal program certification process, and the SES appraisal template itself. If you want to print out these pages, you can pause this presentation while you do so. With all of that, let's begin.

We have three objectives for our time here today: first, to enhance your understanding of pay-for-performance systems and OPM certification requirements; to introduce the new USDA SES performance appraisal system and the template; and set the stage on a broader scale for effective performance management systems throughout USDA. We'll look at these objectives one at a time first. Let's get a broader sense – look at this first objective – a broader sense of the background on performance

appraisal, what the department is looking for and some of the details of certification. So, why this focus on performance management? So let's take a big picture look at this before we get started and get into the details, the nuts and bolts of the program. First, the department wants performance plans to drive behavior throughout all parts of the department. Performance plans which are effectively created and executed help to insure that the organization achieves its goals and meet this objective. That's an overall big picture piece. We have performance plans that clearly show alignment to department and agency goals. How can I see the connection between these plans and what the department or agency is trying to accomplish? It's particularly important for senior executive service plans, which are the ones most closely tied to agency goals. Of course the more senior you get in an organization, the more closely tied the goals of the individual are to the goals of the organization. The uppermost level, the secretaries, would have such a thing as a performance conversation with the President. His goals would probably be the strategic goals for the department. "So, here they are Mr. President. Let me tell you how I did this year." And he'd get his appraisal if such a thing happened at that level. I'm not sure if it does or not. But certainly you can see the higher up you get in an organization the more closely tied you are to those organizational goals.

And lastly, the reason we're having training here under this system is that it's a brand new system we're operating under and OPM requires that those performance appraisal systems, when first put in place, have training. So let's bring it down now onto the personal level, onto your level as a senior executive. Back in August of 2009, OPM denied certification of the USDA senior executive performance appraisal system. That's certification was taken away. What that means is that agencies and departments that lack such a certification have a lower executive pay scale, a direct impact on senior executive pay and lastly can impact the ability to hire the best available folks. If I'm a new person coming into government service and I'm trying to think of where I want to work, one of the deciding factors for me might be that... who has a certified senior executive service system. I want to work there because that's the place I'm most likely to get full recognition of my work through an effective pay scale. Now the good news is that, through the hard work of a lot of folks, USDA has recovered its certification through changing some elements of the appraisal system, putting in some new templates, addressing some concerns that OPM had. That new certification was received in December so it's back up and there's no break in service, if you will, nobody was at risk of loss of certification to impact pay. But for a few months there it was a little bit touch and go to make sure this new system would get into place.

I want to spend some time talking about certification, the impact of certification because as senior executives you play a significant role in the ongoing certification of your system. It's not something you can sort of just leave to the HR folks because of the impact and the role that you play and we'll talk of that here specifically. Let's look at what the consequences are for this pay differential. Agencies with a certified system in place, the highest level for pay is about \$15,000 more. That really starts to impact when you look at the bonus situation as well and overall compensation for bonuses and awards can be about a \$30,000 difference - clearly impactful potentially on folks and want to be very mindful of that going forward. Certification has a very direct and clear impact on senior executives.

So, beyond the pay piece, what is the additional value of senior executive certification? First, it's to realize that OPM looks at certification as a validation that departments and agencies are using their

performance management system for senior executives as a leadership tool, and providing appropriate focus and using it to drive behavior. They, OPM, wants to see that performance management in a department or an agency moves beyond just an HR or an admin kind of function – something I can rely on other folks to do – to something that is seen as a leadership responsibility and they value the importance of that. That's one of the key things OPM is looking for. So when an organization is certified, OPM is essentially saying "You're doing right by your department and your folks and you're providing appropriate emphasis in this system". Initially the USDA was denied certification back in August for a couple of reasons: 1. The design of the system meant that you couldn't assign a marginal rating. You could only fall from fully successful down to unsatisfactory. There was no – on a 5 point scale no 2, if you will, so that an overall rating could be assigned. Sometimes performance plans were hard to identify what were the measureable outcomes? What are the desired outcomes from this plan? Can I measure those pieces? We'll talk in particular about how do I measure outcomes and how do I determine if the things that are being done are actually important and measureable and I can see progress being made. Sometimes it's hard to differentiate levels of performance. Where do people break out on this system? Can I really and identify clearly why somebody earned an "outstanding" versus a "superior" versus a "fully successful", etc. And the system was... the components were in a lot of different places. It was hard to determine and find all the appropriate information to be consolidated and more comprehensive. So, why do we look at this results-oriented page for senior execs, the same reason we talk about all along. The performance management systems can drive change and achieve result and leaders who are held accountable for agency results drive that continuous improvement, stimulate and support efforts to integrate human capital approaches, focus on organizational goals and get people together to make that happen and focus on that result-oriented pay. Pay-for-performance systems – there are two that are in existence government-wide. Your senior executive government service policy has been in place since 2004. The SL/ST system is a relatively new one, but that's also a pay-for-performance system that's been in place since April. You probably have been following news and information about pay-for-performance systems throughout the Federal Government. You all followed the work I'm sure around NSPS, National Security Personnel System, Department of Defense was supposed to put into place. It's now been moved away from... there could be some sense that pay-for-performance systems government wide... perhaps they're moving away from those pieces. I'd ask you to be mindful of the information coming out from OPM, particularly from the new Director of OPM, John Barry, who's talking about the importance of pay-for-performance systems and trying to get those engaged in part of government performance systems. If anything, I've seen an increase in pay-for-performance systems and I wonder if this is going to continue, if we're going to keep going in this direction. Certainly for SES there is no plan to move away from this, and I would look in the future to see an increase perhaps in pay-for-performance systems, and the rigor and the challenge that's associated with doing pay-for-performance systems.

All senior executive systems have open range of base pay with access to higher pay. Like we talked about you have a minimum and maximum rate that's established. Agencies determine how to differentiate those pieces and OPM along with OMB concurrence are the ones who certify these systems. And I want to talk particularly about how these systems get certified. They're reviewed every one to two years. Senior executive appraisal systems are reviewed every one to two years to insure that

they follow appropriate policy, that the frameworks are appropriate. Based on the result of that review, one of three things can happen. You can get a provisional certification, which means you have to get reviewed every year to ensure that the system is meeting its requirements. Full certification means OPM will review every two years although the department would still do an annual review in between that biannual review, but a full certification would mean OPM would look at it every two years. And the third would be to deny certification. As we talked about, OPM in fact in August denied certification for USDA. Now there's no problem or no difference, if you will, as far as impact on the agency between a provisional and a full certification. It's just means that in a provisional certification you're going to be reviewed more frequently, more often. Certainly and agency would like to get on the full certification though it's not uncommon at all and it's not any sort of a hit on the agency, if you will, to have a provisional certification. USDA was operating on a provisional certification for several years before they lost certification in August. Those certification requirements are very clear and very specific outlined in law. There's checklists that have to be completed, submitted to OPM. And what I want to do is share with you that checklist. I want to give you a sense of the rigor and the kind of things that OPM is looking for in the completion of this certification requirement, in particular so you can see your role and your influence in this system. So I'm going to pull up a document here from your participant workbook and these are the pages that, if you wanted to, you could have printed out. And I'll put them here on the screen and you can see the size of them. As you look at that you might have trouble reading that then you might want to pause here and print that out. If you can see it ok then we're good to go and we'll just continue on here. (Pause) Now I want to look at this page 12 in the workbook and I'm just going to start from the top here and identify the things OPM is looking for, and as we go through your new process you'll see how these things are being addressed. Now the first document to submit is simply a written request for certification saying I'd like to be certified of our new senior executive appraisal system certified. Part 2 describes certain improvements that have been made based on feedback from the past. Third is to look at... to provide the agency's strategic plan. Then specifically we get to – starting with number 4 – the things that OPM is looking for and requiring to show that the system is actually working. First there's alignment. Can you see from the plan that there's a provision to align organizational goals to individual personal goals? Is there a piece in there that discusses or shows that the senior executive was consulted with? Senior executives need to part and parcel of this process as people being evaluated. There has to be consultations of folks to see that they were consulted with that the goals were discussed, information was shared. It wasn't just presented to the senior executive and say "Well is this what I'm supposed to do"? I mean there has to be collaboration or consultation there. There has to be a focus on measurable outcome oriented results, so they're going to be looking for how do I measure the outcome of this? They're going to look for balance measures in the description of the measures or the goals. They're going to say "Have you considered customer and employee feedback? Have you considered other measures beyond just financial or profit kind of measures?" They're going to look at the organizational assessment, those guidelines that were provided to senior employees. Is there an organizational assessment? Is it being used to drive performance plans? Is it being used to evaluate and appraise folks at the end of the period? What's the oversight for the effectiveness of this? And the last one on accountability under paragraph 4 - they're looking for plans for those folks who work for the senior executives - for the folks down throughout the organization – for further alignment and connection to organizational goals. So that, you know, they look at that and they look at the system

and they say “Well, that looks good. You look great on paper. Now let’s see how it’s actually working.” So if you look down at paragraph 5 you’ll see that they’re going to take a sample of actual performance plans and they’re going to say “Your process says that you have all these things in place. Let’s look at some real plans and see.” And that’s where sort of the rubber hits the road, if you will, and that’s where your role as senior executives is so important in the ongoing certification here is because, no matter how good it looks on paper, OPM is going to evaluate it based on what they actually see from the appraisals that they look at, from the performance plan that they look at. And, again, you’ll see these same bullets that are shown here: alignment, consultation, measureable results. I’m going to jump to page 13 here. And, again, you see these same pieces that were asked for: Is there balance? Is it showing accountability? Is there assessment? Look at the very top here on 5d Summary Rating, some sort of derivation formula that enables it to be seen that measureable results account for sixty percent of the overall rating. We’re going to talk about that in particular – how this new system derives that sixty percent summary rating. And there’s a ... if you’re thinking you’re going to have to do some math and multiply percentages times certain critical elements, you’re not going to have to do that. We’re talking about how the new system incorporates this focus on measureable results and how it’s done through a specific derivation formula which I’ll share here in a little bit as we get further into our material. Again, look down through the rest of the elements there on that page and you’ll see essentially, in a nutshell, OPM says show us your plan. Ok, that looks great. Now show us actual performance plans and we’ll be the judge of how effectively you actually are doing this. That’s where your role and your work as a senior executive is so important, not only as somebody who is being evaluated and rated, but certainly as somebody who is delivering appraisals to folks to make sure that you’re following this and being cognizant of the different elements that are so important to OPM because they’re the things that demonstrate the leadership and focus to this program, which is what OPM is looking for.

OK, I’m going to jump back into our slide. So, as we talked about before that new system was built and put together and submitted to OPM and OPM looked at that and said “Based on this new system you have in place, we are going to grant provisional certification. So as new policies, procedures and templates, which we will be going through here as part of this training... A new certification practice is going to have to be submitted by March 2010, so you see how quickly this turns around. You got the – OK you got your provisional certification and now they want to see a new package on March 2010 so they can provisionally certify for next year as well. Now it’s probably going to take a couple of years under provisional certification before USDA can get the full certification because OPM wants to see that it’s really working, wants to see that this new process and plan is really making a difference and being effective.

One of the means by which this process takes place, this certification takes place, what the HR folks are going to be working on now and putting together a performance assessment accountability tool. That’s the sort of internal gauge of the program which then from there goes forward to OPM and they will use that as the starting point for determining whether or not the system will be certified going forward. New system has to be shown to be working within those requirements or certification can again be lost. More than just having a good system on paper – I think if you look at this new system you’ll say “Oh it

looks pretty good on paper. How is it being used?" That's what OPM is going to be looking for and watching for. So let's talk about the differences in a new system. What was it about the old system that they didn't like and now what is in the new system that they have said "Yes, this is good and it meets our requirements." Remember under the old system you had a three level element rating and a five level summary rating. Now you have a five level element rating and a five level summary rating both. So for each of the elements there's a five level rating. The difference there is for civil rights. Civil rights is a pass/fail element. Now I don't want you to draw any conclusions or thoughts that Civil Rights must not be that important because it's only pass/fail. In fact, the civil rights element is so important that, essentially, it's getting double exposure here within the performance appraisal system. There's a stand-alone pass/fail piece which deals with compliance, adherence to rules, regulations, policy, etc. In addition, most senior execs are likely to have a stand-alone civil rights goal that's included within another part of their plan and an element of the plan called "mission results" which I'll talk about here shortly. So you have the element which is civil rights which is a stand alone pass/fail, and in addition further goals likely to show up under mission results. As I mentioned before under the old system you couldn't have a minimally satisfactory, there's no marginal rating was available. Now that is there in place. In the past, performance plans had to be communicated through executives within 30 days of the start of the period. That was nice because you could sort of do both. You could do the appraisal from last year and start the new year. Sort of do it all at once. Under the new system the new plan should be in place before the start of the performance period, which means you're probably going to end up having a couple of performance conversations, talking about plans for the upcoming year as well as look back at the previous year. Now this had always been part of OPM's requirement. It always said the plan had to be communicated before the start of the year. It had sort of winked at departments that didn't have that as part of their policy. They're not going to do that anymore. They're going to require that plans be in place at the start of the appraisal period.

Used to have multiple forms, little overall guidance. Now there's one appraisal plan, the appraisal record, then one document clear guidance and policy. I think as you look through that policy you'll see the clarity that's show there in the policy. Used to have different agency requirements for elements. Now it's pretty clear there are three mandatory critical elements. The civil rights one we talked about. The other two mandatory critical elements are mission results, which is really the bulk of this performance plan is going to be mission results. That's sixty percent of your measureable outcomes are going to come from this mission results critical element. The next one is leadership, and again the third is civil rights. And there are two optional elements that can be included. So, three mandatory critical elements: mission results, leadership, civil rights. And you have, in addition, two optional critical elements that could be included, and we'll talk about whether or not you'd want to have those included or not when we get to the discussion with the templates.

We've already talked about the civil rights piece. In the past there was a civil rights element for agency heads and for other folks as appropriate. Now everybody has a specific civil rights element in addition to likely to have other goals in the mission results. There used to be a maximum of six performance elements. Now there is a maximum of five - three mandatory plus your two optional. There are no longer non-critical elements. If it's in the performance plan it's considered a critical element. And the

mission results element is what will be used to show measureable results and to drive the summary rating above fully successful levels. When we get into the template, I'll show how that works, but essentially the thing to keep in mind is: mission results is going to drive the overall rating, and, in a nutshell, it's impossible to get a higher... to get a summary rating that's higher than you get for mission results. Mission results is what drives the overall rating. So we'll talk specifically about how that plays out when you look at the template. So that's the difference in the two systems in a nutshell. It provides a consistent approach throughout the department, and it places a particular emphasis on that mission results critical element. Mission results is the one that's going to drive the rating above fully successful. And OPM has said as long as you make that the driver and that the key and that's where there's a number of measureable elements shown in there, because mission results is what's going to drive the overall rating. From OPM's perspective, that will meet their requirement that this be... that sixty percent of the summary rating comes from measureable outcome oriented results.

That's our first objective. Talk about pay-for-performance systems in general. Why do we have those? What's the state of those and what are the certification requirements that OPM puts on agencies and departments to ensure that their systems are certified? So that's our first objective. Let's transition now into our second objective and talking about the new performance appraisal system and templates.

I'm going to talk in particular... before we get to the template I want to talk about the measureable results and how do I get my arms around measureable results. That's what we want are those measureable results and most of that is going to derive from that mission results critical element. When you look at the template you'll see that's really the only open form open space part of the form where I'm actually filling in specific goals and requirements that I want to have and want to accomplish over the course of the year. It's going to be in that mission results piece. So I'll talk about the measures. How do we do good measures? How do we capture effective measures and include them in the mission results? First, I want to be able to align organizational and personal goals in the mission results. So what are the organizational goals I want to show in my mission results element – how my individual goal aligns to an organizational goal. We're going to... how do I do that? I'm going to start by looking at the different goals. I'm going to break out the USDA goals and program specific goals, etc. I'm going to look in my budget, my IT report, part evaluation. Interesting one is ask for my supervisor to share her goals. What are your goals? My first level of alignment ought to be with my supervisors goals. Let's think about which of these things am I responsible for? That's what I want to be getting into my plan. And as I create those performance measures under that mission results element, I'm going to want to link my specific goals to the agency and the goals you see on the form that there's a specific way to do that where I show the USDA goal and I show what my specific goal is and how it aligns to that. Now under mission results it shows a lot of space there for measures. There are no minimum or maximum number of measures under the mission results element. I would caution you not to have too few, because you don't want to sort of be dependent on a couple of measures for the overall summary. You do much more than just a couple of different things. On the other hand I wouldn't have so many that it's hard to keep track of, keep mindful of. So find the number of measures that adequately capture your scope of work. That's what you're looking for for the number of measures.

We talked earlier about balanced measures and the importance of that and how OPM looks specifically for balanced measures and the importance of creating balanced measures to ensure that I'm looking at the whole picture when I'm establishing measures. This concept of balanced measures comes from a couple of authors, Kaplan and Norton, who looked at the typical kind of measures and said, you know "We're missing some elements here and measures should incorporate – be identified as four different things: financial, process elements, customer elements and what they called learning and growth and what, in the federal government, is referred to as employee balance to the measures. So, talk about balanced measures I want to be looking at multiple perspectives as I try to determine good measures. So when I create these measures, again, alignment to strategic plans, focus on measurable outcome driven results, including the perspective of customers and employees. And again, you're seeing how this particular graphic is aligning with that OPM certification checklist and senior executive involvement and consultation in the development. So oftentimes you'll have folks say "Well, how do I do this consultation piece? I'm not sure how that plays in... how can I effectively consult or be consulted under this system?"

There are four different ways in which you can engage in that consultation piece. And again, it's a requirement that executives must participate in developing their own performance requirements. It can't be the supervisor coming in and saying "OK, here are your performance plans. Go forth and do." And the first time you're looking at them is when you get those from the boss going "I need a little bit more here." So there's designed to be some consultation. How do I do it? I sit down with the boss and we bang them out together. I could do them and present them to the boss and the boss would say yes, no, change it. The boss can do the first set and send them to me. I can review them and provide some comments and perspectives. I do want to say that just because this consultation is there doesn't mean it's necessarily an equal partnership. The supervisor makes the final call here on what are the effective sets of goals. So don't think of it as a 50/50. The supervisor is still making the call here, but consultation with the executive is required and needs to be part of this process. And the last two here that are shown is that a group of executives that do similar work, they could get together and bang out some performance plans and then present those, having worked on those together.

You saw in that OPM certification checklist the description of organizational assessment. Organizations assess their performance every year. That should be included in the performance plan and considered at performance appraisal time – something that's... helps to insure alignment of performance plans to particular areas of focus that the department or the agency might have. What are some challenge areas for us? What are some things we want to be working on this year? How do we get those incorporated? If I'm getting them into the plan, using my assessment to get them into the plan, I'm likely to be creating an effective plan for that individual. So writing good performance requirement good performance measures, many of you have seen this model before of "SMART". My goals should be Specific, Measurable, Aligned, Realistic/Relevant, and Timed. Beyond the scope of this workshop just sort of sitting and sort of practice banging out some goals following this model. But keep this rubric in mind. The goals I'm determining or the measures I'm determining for myself, are they specific? Are they aligned with the organizations needs? Are they realistic? That's sort of a time element. How will I measure those pieces? One of the key elements here as I work to craft good measures is the need to

focus on results rather than activities. Oftentimes I'll see performance plans that almost look like they've been pulled out of a job description and dropped right into the performance plan. Well this is our performance plan so we're good to go, and it's not. A job description is a list of activities, a list of things that people do. Effective measures focus on the results. What do I get from this? What's my outcome? What's my hope to be able to achieve to further the agency's goals? Now, the activities are what we do and the results are why we do them. We should be focused on those results, and not on activities. One of the best examples – I heard about this in the government sector – revolved around a New York City police department. About fifteen or so years ago, and for many years before that, New York City Police Department used to measure effectiveness of the different precincts and the quality of policing by the number of arrests that were made. And as a law enforcement agency folks were like, well we got to arrest those bad guys and that's important and if you lived in a neighborhood and your house was broken into you'd sure want those bad guys caught and arrested and put into jail. But, if you think about it, is that really what we want from our police department? I mean activity... arresting is an activity I can measure. It's easy to measure. I can put that on a chart pretty easily and measure it and sometimes we're drawn to measures simply because they're easy to measure. But is that really what I want? What's the result that I want from my police department? What is it that I hope that they will provide to me as I am a citizen of that community? And really, it's not about number of arrests. It's about feeling safe in my community. It's about less crime. Think of it this way. If my house was broken, do want the bad guy arrested? Absolutely. But would I be happier if my house never got broken into – without question. So they changed... about fifteen years ago they started to change their focus from number of arrests they changed it over to incidence of crime. How much crime is occurring in our neighborhood? How safe should people feel in our neighborhood? When you start to make that your measure, start to change people's focus, start to change the things that people are working towards. What I want is less crime. How do I do that? Maybe it's more community policing. Maybe it's more getting some cops into the schools to talk to kids early on. I'm having programs that show ways in which people can help themselves to protect themselves... neighborhood watch kind of stuff I'm sponsoring. I'm changing the focus away from an activity of arrests to results, which is a safer community, a safer place to live and to work. And with that change in focus they change the environment they're in. In New York City, my daughter currently lives in New York City. There are parts of me that still say I'm a little bit uncomfortable with that, with her living there. But at the same time, if this was twenty years ago I'd really feel uncomfortable, and I feel a lot better with her being there now. And I've been in her neighborhood and I've visited her apartment a number of times and it does feel like a safer place than it was when I visited when I was a young man. That's the outcome. That's what we want. That's the result that we want. We want to be mindful of the measures that you pick because they will drive behavior. So think of it as: what are the results I'm going to get from this?

Sometimes I'll see in performance plans, I'll see people work to differentiate levels of performance by using words such as this: never, rarely, frequently, etc. In your workbook you'll see some pages, or you'll see a page that provides some definitions here to these terms. If you're going to put any of these sorts of terms in your measures, make sure there's a common understanding between employee and supervisor as to what these mean. I've seen performance plans that look pretty sound. It gets to appraisal time and there was a disconnect between what "frequently" actually meant. Just make sure

there's a common understanding of these terms as you go forward into your performance plans. If you use words like this in your measure just be mindful you need a common definition.

One of the requirements for senior executives is to participate during a performance review. So, I've helped, I've been consulted with. I've helped to craft some measures, focus those measures on results and not activities and now I'm getting into the performance period itself. How do I continue to be a player here? I want to draw your attention to the second bullet here about tracking accomplishments during the performance period. I want you to think how much of your job you would describe as being to take care of problems before they rise to the attention of the boss. What percentage of your job has that as its umbrella? And I've done this with some – I do this in a workshop and I probably have everybody's hand will go up. Some folks will say "John, that's the whole smash. That's what I do. I take care of problems before they rise to the attention of the boss." And that's great. And that's appropriate. Have to respect the senior leaders. But what it means is, at the end of the performance period your best work may be invisible to the person who is going to be appraising and evaluating you unless you provide data and information. The only way pay-for-performance systems work well is with data. The person with the most data is you, the person engaged in the work. But if you get to the end of the period and you find yourself saying "What was it I did last March – that big thing I can't quite remember? Anybody remember what that was?" Chances are it's not going to be nearly as effective as if you jotted yourself some notes along the way tracking those accomplishments. Document those accomplishments at the end of the cycle. That a requirement for you to put forward and it's a requirement of the system for you to put forward an accomplishment report. Oftentimes I have folks say to me "John, I don't know how to do a good accomplishment report. Do I... how long should it be? How short should it be? How do I capture well what it is I have done?" I want to share with you a model to help you with that. It's a model you'll be familiar with if you went through the process from OPM to get certified as a senior executive. You'll remember you had to write text, a couple of pages, for each of the five executive core qualifications and the model they gave you to write that information, you only had two pages for each of those, was to follow this model (see slide) which is: challenge, context, action and results. What that enables you to do, if you remember, back when you wrote those up for coming into the SES was, I have to distill all of this stuff. I have two pages to talk about how I have built coalitions in the past. I have two pages to talk about how I have led people in the past. That's going to be the decision that my first step, if you will, for consideration of senior executive service. To think, Oh, I could never get that down into two pages, and yet this model helps significantly in doing that. What's the challenge that you face? What was the context? What was the background? What action did you take? What results did you get? So, when you do your accomplishment reports at the end of each performance period, follow this same model. You'll find it distills the work that you've done into something that is manageable. And while there's no minimum or maximum described in the policy for the length of the accomplishment report, you know that if you present your boss with something that's 80 pages long, chances are she's not going to read it. Three or four pages more likely to be read. So you have to distill down to the essence of it. This can help you there. But again, there's no requirement for minimum or maximum length of the accomplishment report, at least under the policy from the department. You want to make it as tight and concise as you can so the key things stand out. So be mindful and I think you'll find that this model helps a great deal with that. So, we've started the year,

we build our things together in consultation, we went through the year. I tracked my results. I did my accomplishment report. Now at the end of the year, how does that process work? The Rating Official, your immediate boss, is going to do the first cut on the appraisal, provide that initial summary rating. You have a chance to review and rebut that if you're the senior executive being appraised. Then it goes to the reviewing official. Now under the policy, the new policy that's written, the reviewing official does not have the authority to change the rating from the rating official. However, they can write recommendations. They can provide additional information. If they think that the rating should be something other than what was planned from the rating official, they can recommend to the PRB that it be a different thing. But they cannot change the official rating from the rating official. But they do have input and they do have influence as it goes forward because they provided information to the PRB. PRB provides that recommended performance. Salary increases, bonuses, awards, etc. goes to agency head. Secretary approves the final rating. And this process is laid out very specifically in the policy. Make sure you're following that policy as you go through this process. In particular, the first time, as you get to the end of the performance period make sure that you're being mindful of that process, that you're following that appropriately.

So, writing these performance requirements, again, we've talked before about you only need to write the goals and development measures for the mission results element. The other two, for leadership and civil rights, were already written. They're in place. And you will, of course, need to write performance plans for subordinate employees. We talked before about the importance of that alignment going down through the organization. So let's take a look now at the template. I'm going to pull that up here. If you printed that out ahead of time, that's great. Again I'll show it here on the screen. If you find it too small... if you find yourself squinting at it, then you can pause it and print that out. And I want to point out a few particular things in that performance template as we go through those different elements of the template itself. So, here's the first page of the performance template. First part up at the very top you have employee name, date, position, etc. – pretty straight forward. The next element you see calls out specifically, right on the form, a plan development that has those consultations, that the employee had engagement and was involved in the creation of this plan. And that's the signature that's required from the employee, the rating official, and the reviewing official. Progress reviews: you're required to have one progress review – midyear review, sometimes referred to – during the course of a period. It has space here in the plan to do three of them. You don't need to do three. One is required. Hopefully, you're having more than just one. If you do, here's a place to capture that, if that took place. Initial summary rating is done by the rating official. You'll see an italicized part under initial summary rating there's a couple lines here in italicized type it says that evaluation has been discussed with me and I've been given a copy. I'm aware that if I disagree with my rating and decide to submit a narrative response it must be submitted in writing within five calendar days. So you have the ability to essentially rebut the rating if you don't think it's appropriate. You can add additional information. Then, you sign it here. And signing doesn't mean you agree with the rating, necessarily. It's just acknowledges that you have received this. It goes to the reviewing official who can provide again some information, recommendations to PRB but doesn't have the authority to change that initial rating. PRB looks at it, makes their recommendation. It goes to the secretary's office or the agency head for recommendation and the very bottom here the secretary's approval for the final waiting. What I'm going to do... I'd like

to... there is a couple of time to use your template. You can pause this at anytime and go ahead and read through the first page of the template. I'll just sort of wait patiently here while you do that. I'm pressing on to the next page now, but don't think you have to come right along. If you want to spend some time by all means pause this here and take your time and read and take a closer look at that page. Next page of the template talks about the description for what do we mean by outstanding, superior, fully successful and that's for each of the elements. So it's a description of what we mean by outstanding, what's required there. Underneath those - that text there - you'll see that there's a place to assign element ratings. I can assign for element 1, which is my mission results, outstanding, superior, fully successful, minimally satisfactory, unsatisfactory. I can do the same for leadership. Civil rights is pass/fail. If I have any optional elements, again, I have the same range of five different elements. Then, I am going to convert those element ratings to the initial summary rating and rating of record. Before I talk about this let me give you a second. I would say to pause this and to read through those elements at the top of the page. How do I determine, for each of the elements, what is outstanding, superior, fully successful, etc. So, I'll give you... again, go ahead and pause and read through that and be clear on those pieces. (Pause) Down at the bottom of the page, talk about how do I convert these individual element ratings to an overall summary rating of record? So, let's look at these in turn. Outstanding – all performance elements are rated outstanding, civil rights element is fully successful. So to get an outstanding, I got to be outstanding right across the board. Superior – mission results is rated superior or above. Other elements rated fully successful or above. Civil rights element fully successful. So let's take a look at this here for a little bit. It's the clear example of how mission results drive the overall rating. And, remember, OPM says mission results have to account for at least 60% of the summary rating. This is the manner by which this gets accomplished under the USDA system. Mission results rated superior or above. All other elements rated fully successful or above. So, I could be... mission results, say, rated at superior... I could have every other element rated as outstanding, with civil rights fully successful, that's superior. I could also have mission results be superior, everything else be fully successful, that still gives me a superior. Mission results drives the overall rating above that fully successful level. So if I want to get above fully successful, mission results is going to have to drive it to do that. That's something to be mindful of, is that mission results is the key. That's the driver. That's what's going to lift you above this piece. Now, I could be outstanding in mission results, however, something else is below outstanding and I'm going to drop back down to superior, because to get an outstanding, everything has to be outstanding. Fully successful - mission results, civil rights element full successful, everything else fully successful or above. Minimally satisfactory – one or more elements rated minimally satisfactory. Unsatisfactory – one or more elements rated unsatisfactory. So, one element minimally satisfactory – I could have one thing minimally satisfactory and everything else outstanding and I'm going to end up with a minimally satisfactory. That's what a critical element is. A critical element essentially says this element is so important that the inability to accomplish this to a fully successful level would mean that the executive was only minimally satisfactory or was unsatisfactory. So, be mindful of that. A single critical element at minimally satisfactory or unsatisfactory drives the whole rating, pulls the whole rating down. Again I'm going to give you... I recommend you take a second here to pause this and read through that and make sure you understand it. Jot yourself any questions or notes you might have, you can refer to your HR folks or to the folks in

that slide I showed at the beginning of the period at the OHRM office for any particular questions you have about this piece because it's an important element of the program.

Next page in the template is the strategic alignment part. So it's a place here to call out specifically the department's strategic goals and management initiatives. And you see there, captured here at the department level. At the bottom of that page, there's a place for you to enter your own agency's strategic goals and management initiatives.

So, now let's look at each of the critical elements in turn. First, mission results – mission results is the first mandatory critical element. There's instructions for each of these in the gray text or the gray box on that page, but scroll down below the gray box and you'll see how there's two columns. Left hand column talks about the linkage, in other words it's what strategic goal that this is in support of. The right hand column is just the executive's particular goal or objective. Now these are examples. These are just samples, so these should be pulled out. These are just the picture that comes with the frame you buy from the drug store. You got to take that picture out and put your own picture in. These are just examples. So, when you get your performance... when you do your performance template and fill it in, these will be blank, but I'll show you an example on this page and the next page. You see example 1: USDA goal: protect and enhance nation's natural resources. For this particular executive, their performance measure and their goal is meeting 85% of commitments end of fiscal year end of 2010 business plan, etc. And you see different examples down through that page, and some... some are pretty detailed and specific. Some are a little bit broader but you see the measureable element here, and remember OPM is going to be looking for how will I measure this. This is that measureable elements part of the performance plan is going to come from this mission results element. And you can pause it and read through those as you want. I am going to press on to the next page. I'll show the different... you see some additional examples here down through example 13. I'll point out the examples 12 and 13 are a couple of civil rights department-wide goals and this particular senior executive has some specific goals related to civil rights that are in their mission results element. So, again, this brings up that point, reaffirms that point that, that, while there is a specific civil rights stand-alone critical element, it's appropriate and necessary as, depending on the senior executive position, for there to be additional civil rights measures within the business results. Most senior execs would have some sort of a civil rights measure within their mission results element. Again, you can pause that – read through those as desired. Next page is the leadership and management element. And this is written. This is already typed. There is no ability here for you to add some additional pieces to this. If there was a leadership element that was a mission results piece that could tie to leadership and management, perhaps that would be over in mission results. But leadership management is a stand-alone element. It's rated on a five level scale. And you can read through this and see the different things that are required. I'll draw your attention to the very bottom of the page where it talks about including employee perspective and customer perspective. Remember, as a specific requirement under the OPM certification process it's to include that employee and customer perspective. Under the old system sometimes it was hard to see where that was done, where that took place. You'd have to sort of search through individual plans to see if you could pull out and employee-customer perspective. Here it's embedded right into the performance plan. And senior executives are being appraised against that

and their ability to weigh in those perspectives and balance that measure. So you see the employee and the customer perspective identified there. Civil rights element is the next page. You'll see the expectations and requirements here under civil rights. You see the note in the gray text. It says: this pass/fail element primarily measures compliance to civil rights laws, policies and requirements. USDA recognizes there may be specific civil rights goals and targets that would be appropriately included in element 1, mission results. So, you can see the different things that are required here. And again, that is a pass/fail, full successful or unsatisfactory for civil rights. So those are your three mandatory critical elements. You do have the ability to have optional critical elements. You can have two additional elements, whether you have additional elements, optional element or not is a decision for you to make in consultation with your supervisor or other direction that you might get from your agency, but it's not required to have these optional elements. There is one thing to make note of in the third line here, under the blue bar at the top it says: USDA policy recommends any executive responsible for homeland security functions have a separate homeland security element. So, in that case, if you have a homeland security requirement, that would be appropriate to have an additional, optional critical element. Now, you could make the case that everybody has homeland security requirements as part of our nation's requirements and what we expect of all senior executives to be mindful of those things. What they're referring to here are – what homeland security functions, in your opinion or the opinion of your supervisor, would rate a separate critical element – that they're that important or that encompassing? In which case, it would be appropriate to have an additional critical element here. Read through... again, take a look at this page, at the things that are required. Note that because there are no non-critical elements, if it's in here it's a critical element. It's going to drive your overall rating – have an impact on your overall rating. So be mindful of that, if you include these optional critical elements. OK, let's go back into our slides. And, again, if you have any questions or thoughts about the template, hopefully you've jotted yourself some notes in your workbook. There's a couple of key take-aways. I showed those there briefly - some additional notes around that template. So that's in the workbook. That may answer some of your questions you might have had. And, again, your HR folks and the points of contact I showed at the beginning can help as well, and I'll share those names and phone numbers again at the end as we go forward.

So, let's look at our objectives – do another quick check-in sort of where we are, where we've been. We talked about the importance of pay-for-performance and what certification requirements are. We talked about the new system, creating those measures, senior executive involvement throughout the period. How do I... what does the template look like? What are the requirements there? How does mission results drive the overall element (rating), etc? So, we had that conversation. We're getting here now to the third element: setting the stage for effective performance management systems throughout USDA. Remember that one of the requirements from OPM was to see how things sort of work their way down through the organization. Each performance management was a priority to be used throughout the organization to help drive performance and behavior. There are ways in which that can be done and things for you to be mindful of going forward. So, I want to close on the last short piece here with a conversation about that and the importance of that. Leadership is really indistinguishable from performance management. They're the same thing. Performance management is about driving behavior – that's what leadership is about – driving performance in a good way, getting

folks to understand where they fit in, what their goals are, how they make a difference, their responsibilities, etc. One thing on this slide you should take note of, and, I would say, be a bit of a caution flag for you is that a significant proportion of USDA employees did not get a rating of record last year. Even more did not receive a mid-year review. So, is performance management being used as effectively as possible throughout the department is something for you to answer for yourselves within your own scope of responsibility. But be mindful of that as you work your way down into the... throughout the department and the agency. There may be folks who are not getting this same level of focus and involvement and connection around performance management as we've been talking about here today. It's easy to get wrapped up in performance management and think about it as an HR responsibility, something somebody else is going to do, or something I have to go through every year wrestle with. And really, performance management is very simple at its core. Performance management consists of two things: clear goals and good feedback. That's the whole smash. Clear goals is: here's your performance plan. Good feedback throughout the course of the year. An effective and accurate performance appraisal. That's basic leadership. That's leadership 101. Provide people clear goals and good feedback. I think helping folks to understand throughout our area of responsibility, that's what performance management really is, can help to drive a focus on performance management so we don't get hung up on the tool but realize this is a leadership responsibility we all have. Goal-setting improves performance. Having these conversations with folks about performance can improve performance. Hard goals that employees accept increase persistence in achieving those goals, which is what we want. I'm much more likely to get that if you're engaging folks at the beginning of the period.

As you know there are five stages of performance management: planning, monitoring, developing, rating and rewarding. This is a continuous cycle. I want to touch briefly on some ways in which this is done well and for you to be looking for and helping to reinforce, some ways in which, perhaps when it doesn't go well it's a lost opportunity. Let's look at each of these in turn. First is around planning. Really, our focus here throughout our conversation today has been about how do I write good performance plans? How do I do that first step? How do I get people involved and engaged and write good measures and create effective performance plans? If that's done poorly or ineffectively, performance plans don't get completed. There's no measureable goals. You saw the emphasis in the senior executive system around measureable outcomes and goals. A lot of times that is not there. The goals don't follow any sort of a rubric or a model. People don't get involved. And there's no real performance conversation around expectations and how plans align to and support agency goals and the mission of the agency. There's a recent book... a new book out I've been reading called Drive by an author named Daniel Pink who talks about what is the thing that drives folks to do their best and to achieve their best, and one of the key things is understanding where they fit. What difference do I make? How does my work matter? This performance conversation can help a great deal with that, but oftentimes it's missed and it's a lost opportunity. Monitoring phase – I'm watching things as they go along and providing people feedback. I'm getting regular mid-year reviews. We're tracking progress. When it's done ineffectively, people just going along. They wonder how their doing. They wonder if they're making a difference. They wonder if their doing the right thing. They sort of dread the performance appraisal because it might be the first time their getting feedback from a supervisor – again – a lost opportunity. I don't get that ongoing performance conversation and feedback on how

things are going. Developing – when that’s done effectively, I’m creating individual development plans. I’m following those. I’m giving people new opportunities, new skills. There’s focus on training, on bringing folks along. Succession planning is a big piece of this so I can get folks in place who are going to be able to take my place as we move forward. When it’s done ineffectively, I’m not thinking about how to increase capacity. There’s an overemphasis on “Yeah, we just got to get it done this year. We’ll worry about training next year. We got so much to do we’re just going to drive here and focus here”. When that happens I end up driving away my good folks sometimes, because people want to feel that they have new opportunities, that they’re getting new skills, that they’re developing in new ways, and when I’m not doing that well I’m losing folks. And that’s not helping us as a department or an agency.

Rating – when rating is done well, I’m getting input from the troops. I’m engaged. It’s a conversation. It’s a discussion. I’m aligning things to the organizational assessment or to things that have actually been accomplished and I can clearly differentiate levels of performance. People feel at the end of the period that they got the rating that they have earned. That’s the alignment piece, if you will, around ratings. Oftentimes we have a tendency to think, oh, my folks who work for me want to get as high a rating as possible and I need to give them a rating that actually reflects performance. And we think there’s a disconnect there. The connecting piece is that everybody wants to ensure that folks get the rating that they have earned. If I’m the employee I want to get the rating that I have earned. If I’m the supervisor, I want to provide people with the rating that I feel they have earned. That’s the connection piece. If I do this rating thing well that’s what they get. Oh, this is what I earned and this is why I got this rating and I see the data that supports that and I understand where it fits and I think this was done appropriately. That’s when it’s done well. When it’s done poorly, I summarize it as the drive-by performance appraisal. And we’ve all been victims of that. Here’s your performance appraisal. Go ahead and sign it, I’ll wait. Ok, good. Thank you. See you next year. We don’t need drive-bys. It’s a lost opportunity.

Rewarding – when it’s done well I’m acknowledging a contribution to the agency mission. I’m showing how this person made a difference and they’re being appropriately recognized and rewarded. Last year 100% of senior executives got their ratings of record. Thus, they were eligible for awards, appropriate recognition. We talked before about a significant number of USDA folks not getting a rating of record. As a result of that, they may not be eligible for additional recognition and reward. Again that’s a negative impact on morale. It’s a lost opportunity, something you want to be mindful of. So, as we move to the end of our time here, remember we talked about three over-arching objectives. What is it about the certification process and what’s my role as a senior exec there? What does the new system look like and what does the new template look like? What are the responsibilities there? And, thirdly, how can I be mindful of this from a leadership perspective and moving this down throughout my entire organization? I want to close with a piece that deals with leadership and is around leadership and why it’s important to take all this time to have performance conversations - this discussion around what is performance management? What is your role? How do you fit here within the department and how do you contribute?

I have found in the highest performing organizations there is an unspoken contract based on trust. And I’ll explain this graphic here. The top element there, the piece that says trust - there’s a contract that exists – again, in high performing organizations – between leaders and employees. The contract goes something like this: leaders trust that subordinates understand and will work hard to achieve

organizational goals and will work hard to achieve their performance plans. Leaders trust subordinates understand and will try to do that. Subordinates trust they'll get supported when they exercise initiative in achieving those goals. Again, so let me give you this contract again: leaders trust subordinates understand and work hard to carry out organizations goals and meet their performance plans. Subordinates trust they get supported when they exercise initiative to achieve those goals. When that contract is in place, you get this virtuous upward spiral demonstrated by this leadership contract. That trust leads to faster decision making. I understand what's expected. I understand what my role is. I understand how much latitude I have. I'm not having to run it back up and down a chain six or eight times. I can make a decision and be confident that it's the right decision because we've had these performance conversations at whatever level of the organization I happen to be at. That faster decision making makes me a more responsive organization. I'm more agile. I have the ability to respond quickly, get things done. That leads me to be more likely to accomplish my mission, which is what I want. I want to be successful and achieve my mission. I want to achieve my goals. These performance conversations lead me in that way. And that finally, then reinforces the concept of trust. Hey, this is working, it's helpful, it's moving us forward. So as we look back and think about our new performance appraisal system and the system that your' going to be working with, be mindful of the over-arching goal of this – particularly from OPM and OMB's perspective – to use this as a leadership tool to drive behavior throughout the organization, behavior focused on achieving organization's goals and people understanding where they fit, why they matting and what their contribution is.

I'm going to close by sharing with you again the names of the two folks that can provide some additional information about this. Here's their email addresses and phone numbers. They've been instrumental in creating this program and getting the new system moved forward and into certification and will be very helpful in addressing questions or issues or concerns that you would have about the system. And also, they would appreciate any feedback on the systems itself, and is it meeting your needs? And as they... each year they make whatever slight tweaks they might to the system to make sure it continues to meet your needs and the needs of the department and the agency. So, with that, thank you very much for your kind attention and I wish you good day.